



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
MCLEAN COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE MCLEAN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Auditor of Public Accounts has completed the McLean County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Cash balances increased by \$134,279 from the prior fiscal year, resulting in a cash balance of \$505,993 as of June 30, 2000.

Debt Obligations:

Capital lease principal agreements totaled \$377,800 of June 30, 2000. Future principal and interest payments of \$404,919 needed to meet these obligations.

Deposits:

The fiscal court's deposits were uninsured and uncollateralized by bank securities or bonds at August 31, 1999, by \$24,484.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Larry Whitaker, McLean County Judge/Executive

Members of the McLean County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of McLean County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the McLean County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

McLean County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2000, of McLean County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Larry Whitaker, McLean County Judge/Executive
Members of the McLean County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 5, 2001 on our consideration of McLean County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 5, 2001

MCLEAN COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

Fiscal Court Members:

Larry B. Whitaker	County Judge/Executive
Jessie Abney	Magistrate
Brent Hayden	Magistrate
Bobby Johnson	Magistrate
Robert Jennings	Magistrate

Other Elected Officials:

William Quisenberry, Jr.	County Attorney
Mary Earlene Abney	Jailer
Linda Ray Johnson	County Clerk
Linda McClure	Circuit Court Clerk
Lester Stratton	Sheriff
Shelia Fulkerson	Property Valuation Administrator
Mike Muster	Coroner

Appointed Personnel:

Sherry Boyken	County Treasurer
Betty Ray	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

MCLEAN COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash \$ 237,352

Road and Bridge Fund:

Cash 82,756

Jail Fund:

Cash 4,046

Local Government Economic Assistance Fund:

Cash 28,098

Payroll Revolving Account - Cash

3,647 \$ 355,899

Special Revenue Fund Type

Fire Department Fund:

Cash \$ 38,521

Community Development Block Grant Fund:

Cash 12,899

Health and Human Services Fund:

Cash 65,556

Adult Education Fund:

Cash 24,787

Workforce Investment Act Fund:

Cash 3,697

911 Fund:

Investments 7,012

Career Center Fund:

Cash 251

Senior Citizens Fund:

Cash 1,018 153,741

Total Assets

\$ 509,640

The accompanying notes are an integral part of the financial statements.

MCLEAN COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2000
 (Continued)

Other Resources

General Fund Type

Local Government Economic Assistance Fund:

Amounts to be Provided in Future

Years for Gas Lines - Lease Principal Payments (Note 6)	\$ 200,000
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Special Revenue Fund Type

Fire Department Fund:

Amounts to be Provided in Future Years for

Fire Station and Community Center- Lease Principal Payments (Note 6)	94,700
--	--------

911 Fund:

Amounts to be Provided in Future Years

for Emergency Phone System - Lease Principal Payment (Note 6)	83,100	\$ 377,800
---	--------	------------

Total Assets and Other Resources

\$ 887,440

Liabilities and Fund Balances

Liabilities

General Fund Type

Local Government Economic Assistance Fund:

Amounts to be Provided in Future Years

for Gas Lines - Lease Principal Payments (Note 6)	\$ 200,000
---	------------

Payroll Revolving Fund

3,647

Special Revenue Fund Type

Fire Department Fund:

Amounts to be Provided in Future Years

for Fire Station and Community Center- Lease Principal Payments (Note 6)	94,700
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The accompanying notes are an integral part of the financial statements.

MCLEAN COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2000
 (Continued)

Liabilities and Fund Balances (Continued)

Liabilities (Continued)

Special Revenue Fund Type (Continued)

911 Fund:

Amounts to be Provided in Future Years		
for Emergency Phone System - Lease Principal Payment (Note 6)	\$	83,100

Fund Balances

Reserved:

Special Revenue Fund Type

Fire Department Fund	\$	38,521	
Community Development Block Grant Fund		12,899	
Health and Human Services Fund		65,556	
Adult Education Fund		24,787	
Workforce Investment Act Fund		3,697	
911 Fund		7,012	
Career Center Fund		251	
Senior Citizens Fund		1,018	153,741
		<hr/>	

Unreserved:

General Fund Type

General Fund	\$	237,352	
Road and Bridge Fund		82,756	
Jail Fund		4,046	
Local Government Economic Assistance Fund		28,098	352,252
		<hr/>	
Total Liabilities and Fund Balances	\$	<hr/>	887,440

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

MCLEAN COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	General Fund Type			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,420,517	\$ 774,261	\$ 897,510	\$ 31,165
Transfers In	917,072	423,988	141,343	113,600
Lease Proceeds	750,150	750,150		
Interest earned on lease proceeds	7,455	7,455		
Total Cash Receipts	<u>\$ 4,095,194</u>	<u>\$ 1,955,854</u>	<u>\$ 1,038,853</u>	<u>\$ 144,765</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,874,750	\$ 1,204,517	\$ 705,705	\$ 151,530
Transfers Out	917,072	429,983	411,488	
Courthouse Renovation Expenditures				
Paid From Lease Proceeds	92,924	92,924		
Debt Service-Interest Payment				
Paid From Lease Proceeds	3,742	3,742		
Leases:				
Principal Paid	72,427	3,400	11,527	
Total Cash Disbursements	<u>\$ 3,960,915</u>	<u>\$ 1,734,566</u>	<u>\$ 1,128,720</u>	<u>\$ 151,530</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 134,279	\$ 221,288	\$ (89,867)	\$ (6,765)
Cash Balance - July 1, 1999	<u>371,714</u>	<u>16,064</u>	<u>172,623</u>	<u>10,811</u>
Cash Balance - June 30, 2000	<u>\$ 505,993</u>	<u>\$ 237,352</u>	<u>\$ 82,756</u>	<u>\$ 4,046</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

MCLEAN COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2000
 (Continued)

General Fund Type	Special Revenue Fund Type				
Local Government Economic Assistance Fund	Ambulance Fund	Fire Department Fund	Community Development Block Grant Fund	Flood Fund	Health and Human Services Fund
\$ 116,470	\$ 259,319 176,318	\$ 72,837 20,300	\$ 10,064	\$	\$ 5,517
\$ 116,470	\$ 435,637	\$ 93,137	\$ 10,064	\$	\$ 5,517
\$ 64,076 51,758	\$ 429,140	\$ 36,165	\$ 2,657	\$ 23,843	\$ 35,302
	9,500	19,600			
\$ 115,834	\$ 438,640	\$ 55,765	\$ 2,657	\$ 23,843	\$ 35,302
\$ 636 27,462	\$ (3,003) 3,003	\$ 37,372 1,149	\$ 7,407 5,492	\$ (23,843) 23,843	\$ (29,785) 95,341
\$ 28,098	\$	\$ 38,521	\$ 12,899	\$	\$ 65,556

The accompanying notes are an integral part of the financial statements.

MCLEAN COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2000
 (Continued)

	<u>Special Revenue Fund Type</u>			
	<u>Adult Education Fund</u>	<u>Workforce Investment Act Fund</u>	<u>911 Fund</u>	<u>Career Center Fund</u>
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 91,820	\$ 69,092	\$ 59,726	\$
Transfers In			24,608	2,000
Lease Proceeds				
Interest earned on lease proceeds				
Total Cash Receipts	<u>\$ 91,820</u>	<u>\$ 69,092</u>	<u>\$ 84,334</u>	<u>\$ 2,000</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 75,181	\$ 69,394	\$ 49,507	\$ 1,749
Transfers Out				
Courthouse Renovation Expenditures				
Paid From Lease Proceeds				
Debt Service-Interest Payment				
Paid From Lease Proceeds				
Leases:				
Principal Paid			28,400	
Total Cash Disbursements	<u>\$ 75,181</u>	<u>\$ 69,394</u>	<u>\$ 77,907</u>	<u>\$ 1,749</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 16,639	\$ (302)	\$ 6,427	\$ 251
Cash Balance - July 1, 1999	<u>8,148</u>	<u>3,999</u>	<u>585</u>	
Cash Balance - June 30, 2000	<u>\$ 24,787</u>	<u>\$ 3,697</u>	<u>\$ 7,012</u>	<u>\$ 251</u>

* Cash Balance Includes Investments

MCLEAN COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 2000
(Continued)

Special Revenue
Fund Type

Senior
Citizens
Fund

\$ 32,736
14,915

\$ 47,651

\$ 49,827

\$ 49,827

\$ (2,176)
3,194

\$ 1,018

The accompanying notes are an integral part of the financial statements.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of McLean County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional – McLean County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting McLean County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. A list of McLean County Fiscal Court's Fund Types, a definition of each, and a list of county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The McLean County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, and the Local Government Economic Assistance Fund (LGEA).

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Ambulance Fund, Fire Department Fund, Community Development Block Grant Fund, Flood Fund, Health and Human Services Fund, Adult Education Fund, Workforce Investment Act Fund, 911 Fund, Career Center Fund and the Senior Citizens Fund of the Fiscal Court are reported as Special Revenue Fund Types.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The McLean County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. The McLean County Planning and Zoning Commission is a joint venture of the McLean County Fiscal Court and the cities of McLean County. Costs of the commission are shared on a pro rata basis. There were no disbursements by the McLean County Fiscal Court during fiscal year 2000 for the Planning and Zoning Commission.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 3. Deposits and Investments

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of August 31, 1999, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$24,484 of public funds uninsured and unsecured.

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of August 31, 1999.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	\$ 554,515
Uncollateralized and uninsured	<u>24,484</u>
Total	<u><u>\$ 578,999</u></u>

Note 4. Receivable

On June 14, 1999, the County entered a lease with Meridian Aluminum Products, Inc. and the McLean County Industrial Foundation, Inc. for the properties previously used by Mespar Inc. Meridian shall pay as rent the sum of \$736,000, payable in a series of 180 equal consecutive monthly payments of \$7,268, with the first installment being due on the 14th day of December 1999. The payments represent principal and interest thereon at the rate of 8.75% per annum. The balance of the principal and interest, if any, shall be due and payable on or before the 14th day of May 2015. Payments are made to First Security Bank, where \$242 is remitted to the Industrial Foundation and \$1,224 is paid to the fiscal court. The remainder is posted to the outstanding bank balance.

As of June 30, 2000, the fiscal court had received \$8,570. Meridian appears to be in substantial compliance with terms of the agreement.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 5. Lease-Purchase Agreements

The county has entered into the following lease-purchase agreements:

Liabilities of the General Fund are:

Description	Purchase Date	Maturity Date	Interest Rate	Amount Due As Of June 30, 2000
Water Line Extension	12/30/1999	6/1/2007	3.75%	\$ 66,600
Judical Center Expansion	7/1/1999	11/20/2002	4.49%	200,000
Emergency Roof Repairs	5/25/2000	6/1/2002	5.40%	255,000
General Operating Expenditures	5/25/2000	6/1/2001	5.40%	230,000

Liabilities of the Ambulance Fund are:

Description	Purchase Date	Maturity Date	Interest Rate	Amount Due As Of June 30, 2000
Ambulance	11/22/1995	11/20/2005	5.10%	\$ 15,000

Liabilities of the E-911 Fund are:

Description	Purchase Date	Maturity Date	Interest Rate	Amount Due As Of June 30, 2000
E-911 System	1/26/1998	5/20/2003	5.25%	\$ 83,100

Note 6. Long-Term Debt

Local Government Economic Assistance Fund

On May 5, 1998, the McLean County Fiscal Court borrowed \$200,000, from Kentucky Area Development District Leasing Trust Fund (KADD) for the installation of gas lines. The interest rate is 4.87% with semi-annual interest payments of \$4,870 due on the 20th of May and November for 3 years. The principal balance at June 30, 2000 was \$200,000. Future debt requirements are as follows:

Year Ended	Scheduled Interest	Scheduled Principal
June 30, 2001	\$ 4,870	\$ 200,000
Totals	<u>\$ 4,870</u>	<u>\$ 200,000</u>

MCLEAN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2000
 (Continued)

Note 6. Long-Term Debt (Continued)

Fire Department Fund

On November 12, 1998, the McLean County Fiscal Court refinanced and consolidated through Kentucky Area Development District Leasing Fund (KADD) two loans previously held by First Security Bank and Trust of Island, Kentucky. The loans were originally for the construction of the Beech Grove Fire Station and Community Center for \$105,000, and additional construction on the same buildings for \$45,000. The total amount refinanced for both loans was \$116,000 at 5.10% for 7 years with semi-annual payments due on the 20th of May and November. As of June 30, 2000, the principal balance outstanding was \$94,700. Future debt requirements are noted below.

<u>Fiscal Year Ended</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
June 30, 2001	\$ 4,638	\$ 15,200
June 30, 2002	3,853	16,000
June 30, 2003	3,027	16,900
June 30, 2004	2,152	17,800
June 30, 2005	1,234	18,700
Thereafter	258	10,100
Totals	<u>\$ 15,162</u>	<u>\$ 94,700</u>

911 Fund

On January 1, 1998, the McLean County Fiscal Court borrowed \$147,000, from Kentucky Area Development District Leasing Fund (KADD) for the purchase of a 911 emergency dispatch system. The interest rate is 5.25% with semi-annual payments due on the 20th of May and November for 5 years. The principal balance at June 30, 2000 was \$83,100. Future debt requirements are as follows:

<u>Year Ended</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
June 30, 2001	\$ 3,977	\$ 29,800
June 30, 2002	2,391	31,400
June 30, 2003	719	21,900
Totals	<u>\$ 7,087</u>	<u>\$ 83,100</u>

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 7. Insurance

For the fiscal year ended June 30, 2000, McLean County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

MCLEAN COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	Budgeted Operating Revenue	Actual Operating Revenue	Over (Under) Budget
<u>General Fund Type</u>			
General Fund	\$ 717,288	\$ 774,261	\$ 56,973
Road and Bridge Fund	888,123	897,510	9,387
Jail Fund	33,420	31,165	(2,255)
Local Government Economic Assistance Fund	328,740	116,470	(212,270)
<u>Special Revenue Fund Type</u>			
Ambulance Fund	397,750	259,319	(138,431)
Fire Department Fund	43,600	72,837	29,237
Community Development Block Grant Fund	1,029,000	10,064	(1,018,936)
Health and Human Services Fund	15,500	5,517	(9,983)
Adult Education Fund	88,161	91,820	3,659
Workforce Investment Act Fund	121,745	69,092	(52,653)
911 Fund	53,500	59,726	6,226
Career Center Fund	15,500		(15,500)
Senior Citizens Fund	47,278	32,736	(14,542)
Totals	<u>\$ 3,779,605</u>	<u>\$ 2,420,517</u>	<u>\$ (1,359,088)</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 3,779,605
Add: Budgeted Prior Year Surplus	309,443
Add: Budgeted Borrowed Money	761,000
Add: Error Correction - Senior Citizens Fund	300
Less: Other Financing Uses	<u>(288,085)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 4,562,263</u>

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SCHEDULE OF OPERATING REVENUE

MCLEAN COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Revenue Categories</u>	<u>GOVERNMENTAL FUND TYPE</u>		
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type
Taxes	\$ 615,098	\$ 562,383	\$ 52,715
In Lieu Tax Payments	6,121		6,121
Excess Fees	40,855	40,855	
License and Permits	6,484	6,484	
Intergovernmental Revenues	1,284,046	1,075,874	208,172
Charges for Services	292,264	33,279	258,985
Miscellaneous Revenues	241,215	170,113	71,102
Interest Earned	14,434	10,419	4,015
Total Operating Revenue	<u>\$ 2,500,517</u>	<u>\$ 1,899,407</u>	<u>\$ 601,110</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

MCLEAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 641,999	\$ 820,393	\$ (178,394)
Protection to Persons and Property	285,192	293,872	(8,680)
General Health and Sanitation	424,453	70,264	354,189
Social Services	13,789	2,336	11,453
Recreation and Culture	11,704	27,303	(15,599)
Transportation Facilities and Services	43,200	30,055	13,145
Roads	691,065	554,892	136,173
Debt Service	10,346	10,634	(288)
Administration	368,181	316,079	52,102
Total Operating Budget - All General Fund Types	\$ 2,489,929	\$ 2,125,828	\$ 364,101
Other Financing Uses:			
Principal on Leases-			
Sewer Construction	7,220		7,220
Waterline extension	10,940	3,400	7,540
Gas Lines	200,000		200,000
Tractor	7,825		7,825
Grader		11,527	(11,527)
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 2,715,914</u>	<u>\$ 2,140,755</u>	<u>\$ 575,159</u>

MCLEAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 2000
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 189,596	\$ 201,160	\$ (11,564)
Protection to Persons and Property	460,610	373,918	86,692
General Health and Sanitation	1,076,000	30,284	1,045,716
Social Services	41,756	44,207	(2,451)
Debt Service	14,406	12,136	2,270
Capital Projects	35,000	1,179	33,821
Administration	254,966	86,038	168,928
Total Operating Budget - All Special Revenue Fund Types	\$ 2,072,334	\$ 748,922	\$ 1,323,412
Other Financing Uses:			
Principal on Leases-			
Ambulance	9,900	9,500	400
Fire Station and Community Center	14,600	14,600	
Pumper Truck	4,200		4,200
Heart Defibrillators	5,000	5,000	
E-911 System	28,400	28,400	
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	\$ 2,134,434	\$ 806,422	\$ 1,328,012

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Larry Whitaker, McLean County Judge/Executive

Members of the McLean County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of McLean County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated June 5, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether McLean County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered McLean County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 5, 2001

CERTIFICATION OF COMPLIANCE –
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

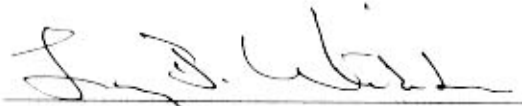
MCLEAN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC DEVELOPMENT PROGRAM
McLEAN COUNTY FISCAL COURT

June 30, 2000

The McLean County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Fund was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer